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9 **UNITED STATES BANKRUPTCY COURT**  
10 **NORTHERN DISTRICT OF CALIFORNIA**  
11 **SAN FRANCISCO DIVISION**

12 **In re:**

13 **PG&E CORPORATION,**

14 **- and -**

15 **PACIFIC GAS AND ELECTRIC**  
16 **COMPANY,**

17 **Debtors.**

- 18 ☐ Affects PG&E Corporation  
19 ☐ Affects Pacific Gas and Electric Company  
☒ Affects both Debtors

20 *\* All papers shall be filed in the Lead Case, No.*  
21 *19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' FIFTY-NINTH**  
**OMNIBUS OBJECTION TO CLAIMS**  
**(NO LIABILITY CLAIMS)**

**Response Deadline:**  
**February 23, 2021, 4:00 p.m. (PT)**

**Hearing Information If Timely Response Made:**

Date: March 9, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**  
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**  
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as  
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to  
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the  
7 “**Chapter 11 Cases**”) hereby submit this Fifty-Ninth Omnibus Objection (the “**Objection**”) to the Proofs  
8 of Claim (as defined below) identified in the column headed “Claims To Be Disallowed and/or  
9 Expunged” on **Exhibit 1** annexed hereto.

## 10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*  
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and  
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern  
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28  
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The  
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the  
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (collectively, the  
18 “**Bankruptcy Rules**”).

## 19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary  
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the  
22 Debtors continued to operate their businesses and manage their properties as debtors in possession  
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed  
24 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural  
25 purposes only pursuant to Bankruptcy Rule 1015(b).

26 Additional information regarding the circumstances leading to the commencement of the Chapter  
27 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the  
28 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket  
No. 263].

1 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*  
2 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*  
3 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*  
4 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*  
5 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all  
6 proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section  
7 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire  
8 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the  
9 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and  
10 priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar**  
11 **Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire  
12 Claimants to December 31, 2019 [Docket No. 4672]<sup>1</sup>; and subsequently with respect to certain claimants  
13 that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims  
14 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

15 By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’*  
16 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be  
17 further modified, amended or supplemented from time to time, and together with any exhibits or  
18 scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective**  
19 **Date**”). See Dkt. No. 8252.

### 20 **III. RELIEF REQUESTED**

21 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,  
22 Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures*  
23 *for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*  
24 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),  
25 seeking entry of an order disallowing and/or expunging Proofs of Claim for which the Reorganized  
26 Debtors are not liable (the “**No Liability Claims**”). The No Liability Claims are identified on

27 <sup>1</sup> The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of  
28 Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 **Exhibit 1**, in the columns headed “Claims To Be Disallowed and/or Expunged.” **Exhibit 1** also  
2 specifically identifies in the “Basis for Objection” that the No Liability Claims are classified as either:

3 (1) “Equity Interest Claims.” These are Claims that are based purely upon the Claimant’s holding  
4 of the Debtors’ common stock, which interests remain outstanding subject to dilution in accordance with  
5 the Plan, and are not otherwise entitled to a distribution or right to payment under the Plan.

6 (2) “Protective Claims.” These are proofs of claim that assert protective, unliquidated claims  
7 potentially owing post-petition. The Reorganized Debtors have reviewed their books and records and  
8 have determined that they have no known liability as of the Petition Date with respect to the Protective  
9 Claims. Approval of the relief requested herein will not prejudice the holders of any of the Protective  
10 Claims because (a) the Claimants retain all non-bankruptcy remedies that would have existed had these  
11 Chapter 11 Cases not been filed and (b) the Debtors commit that they will not raise any bankruptcy  
12 defenses to future assertion of claims based on the alleged post-petition failure of the Reorganized  
13 Debtors to perform or honor their obligations relating to such claims.

14 (3) “No Liability Subcontractor Claims,” all of which relate to Proofs of Claim asserted against  
15 the Debtors for amounts incurred by subcontractors indirectly retained by the Debtors. After reviewing  
16 their books and records and the information submitted with the Proofs of Claim, the Reorganized Debtors  
17 have determined that each of the Subcontractor Claims is attributable to the relevant general contractor  
18 on each project. The Reorganized Debtors determined this either from the face of the Proof of Claim  
19 listing the general contractor or by follow-up correspondence with the Claimant. In all cases, the  
20 Reorganized Debtors took the additional step of confirming that if the general contractor had filed a  
21 Claim, it had already been satisfied, such that any payment on account of the Subcontractor Claims  
22 would be duplicative. The Reorganized Debtors thus do not have any direct liability for the  
23 Subcontractor Claims.

24 (4) “Untimely No Liability Claims.” These Proofs of Claims provide no supporting  
25 documentation to enable the Reorganized Debtors to understand the purported basis for liability and,  
26 after reviewing their books and records, the Reorganized Debtors are unable to determine any liability  
27 or basis for the asserted Claims. In addition, as indicated by the dates identified in the column headed  
28 “Date Filed” on **Exhibit 1**, each of the Untimely No Liability Claims was filed well after the General

1 Bar Date (with no applicable exception under the Bar Date Order that may render such Claim timely)  
2 and none of the Claimants have sought or obtained relief from the Court pursuant to Rule 9006 of the  
3 Bankruptcy Rules to file a late Proof of Claim. Accordingly, in addition to the Debtors not being liable  
4 for the amounts sought, the Untimely No Liability Claims should be disallowed and/or expunged as  
5 untimely as well.

#### 6 **IV. ARGUMENT**

##### 7 **A. The No Liability Claims Should be Disallowed and/or Expunged**

8 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit  
9 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of  
10 amounts for which the Debtors are not liable.” Omnibus Objections Procedures Order, ¶2(C)(iii).  
11 Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and  
12 by cross-reference to claim numbers. The Reorganized Debtors and their professionals have reviewed  
13 each of the No Liability Claims identified on Exhibit 1 and have determined that they do not state a  
14 basis for a current right to payment. As to the Equity Interest Claims, ownership of the Debtors’ common  
15 equity does not in and of itself provide a holder with a “right to payment” and as such does not constitute  
16 a “claim” under the Bankruptcy Code. 11 U.S.C. § 101(5); *see also In re Hedged Investments Associates*,  
17 84 F.3d 1267, 1272 (10th Cir. 1996) (an equity interest is not a claim against the debtor”); *In re Pine*  
18 *Lake Vill. Apartment Co.*, 21 B.R. 478, 480 (Bankr. S.D.N.Y. 1982) (an equity interest is not a claim  
19 against the debtor and the equity holder is only entitled to a proof of interest). As to the No Liability  
20 Subcontractor Claims, the Reorganized Debtors and their professionals reviewed and determined that  
21 each such Claim does not represent a direct right to payment because the general contractor has been  
22 satisfied. If not disallowed and expunged, the No Liability Subcontractor Claims potentially could allow  
23 the applicable Claimants to receive recoveries to which they are not entitled. As to the Untimely No  
24 Liability Claims, as detailed above, after a review of their books and records, the Reorganized Debtors  
25 have not been able to determine any basis under which they are liable. Furthermore, as described above,  
26 the Reorganized Debtors have established that each of the Untimely No Liability Claims is also untimely  
27 under the Bar Date Order and should be disallowed in its entirety pursuant to section 502(b)(9) of the  
28 Bankruptcy Code.

Each of the Claimants is listed alphabetically, and the claim number and amount are identified in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of the No Liability Claims.

**B. The Claimants Bear the Burden of Proof**

A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a).<sup>2</sup> Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,” *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage (In re Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir. 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting King, *Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

As set forth above, the Reorganized Debtors submit that the No Liability Claims do not represent a current right to payment and, therefore, should be disallowed and/or expunged in their entirety. If any Claimant believes that a No Liability Claim is valid, it must present affirmative evidence demonstrating the validity of that claim.

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<sup>2</sup> On November 17, 2020, the Court entered the *Order Extending Deadline for the Reorganized Debtors to Object to Claims* [Docket No. 9563], which extended the deadline under Section 7.1 of the Plan for the Reorganized Debtors to bring objections to Claims through and including June 26, 2021 (except for claims of the United States which deadline was extended to March 31, 2021), without prejudice to the right of the Reorganized Debtors seek further extensions thereof.

1     **V.     RESERVATION OF RIGHTS**

2             The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of  
3 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this  
4 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs  
5 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,  
6 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to  
7 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the  
8 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized  
9 Debtors reserve the right to object to the No Liability Claims on any other grounds that the Reorganized  
10 Debtors may discover or deem appropriate.

11    **VI.    NOTICE**

12             Notice of this Objection will be provided to (i) holders of the No Liability Claims; (ii) the Office  
13 of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (iii) counsel  
14 to the Creditors Committee; (iv) counsel to Tort Claimants Committee; (v) all counsel and parties  
15 receiving electronic notice through the Court's electronic case filing system; and (vi) those persons who  
16 have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule  
17 2002. The Reorganized Debtors respectfully submit that no further notice is required. No previous  
18 request for the relief sought herein has been made by the Reorganized Debtors to this or any other Court.

19             WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the  
20 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the  
21 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other  
22 and further relief as the Court may deem just and appropriate.

23    Dated: January 28, 2021

**KELLER BENVENUTTI KIM LLP**

24                             By: /s/ Dara L. Silveira  
25   Dara L. Silveira

26                             Attorneys for Debtors and Reorganized Debtors